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SOVIET UNION

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Malenkov Speech In a speech more bellicose and boastful than the 1948 address, Politburo-member Malenkov keynoted the thirty-second anniversary of the Bolshevik Revolution with a repetition of the well-worn Soviet propaganda line. Although Malenkov's speech indicated that the Kremlin to a greater extent than ever before considers the US its principal enemy, there was no hint of a change in Soviet cold war tactics or of the abandonment of well-tested Soviet subversive methods for the achievement of economic and political goals. With regard to Germany, Malenkov's remarks implied a continuing Soviet desire for a unified Germany under Communist control and emphasized that such a solution was vital to the preservation of world peace. The Communist regime in China was referred to almost deferentially, much as a junior partner rather than a Satellite, and by linking India with China as a decisive factor in the East-West struggle, Malenkov also implied that China was a springboard rather than a resting point for Soviet expansion in the Far East. Malenkov's exaggerated assertions of internal economic achievements are intended to conceal the inadequacies of the current five-year plan and prepare the way for its abandonment in January 1950 in favor of a "master" plan for the entire orbit under the direction of the Council for Economic Mutual Assistance. Delivery of this important address by Malenkov clearly established him as the number three man in the Soviet hierarchy, ranking behind only Stalin and Molotov.

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F A R E A S T

Japanese Treaty Despite the advantages to the USSR of an early end to US occupation in Japan, the Kremlin will probably prefer to negotiate a separate treaty with the Japanese Government rather than participate in peace negotiations with the western powers. The US has maintained that the treaty should be prepared by the 11 nations of the Far Eastern Commission and that decisions should require a two-thirds majority vote. The Soviet position, allegedly based on Potsdam agreements, is that the treaty should be prepared by the Foreign Ministers of the US, USSR, UK, China, and possibly France, and be subject to the veto power. The USSR probably calculates that without its veto power; it could not be assured of a treaty sufficiently favorable to Soviet interests. In the unlikely event, however, that the USSR participates in a treaty conference for propaganda purposes or for limited obstruction the Kremlin will probably refuse to ratify the final draft. In negotiating a separate treaty with Japan, the Soviet bargaining position would be strong in view of: (1) Japan's desire to restore its natural economic ties with China, Manchuria, and Korea; and (2) Japan's fear of threatening Soviet military power in Northeast Asia, particularly if a treaty negotiated without the participation of the USSR failed to provide adequately, in Japanese opinion, for Japanese security.

CHINA

Soviet Relations The early conclusion of a Soviet-Chinese economic and cultural agreement seems likely, and the USSR, as it did in

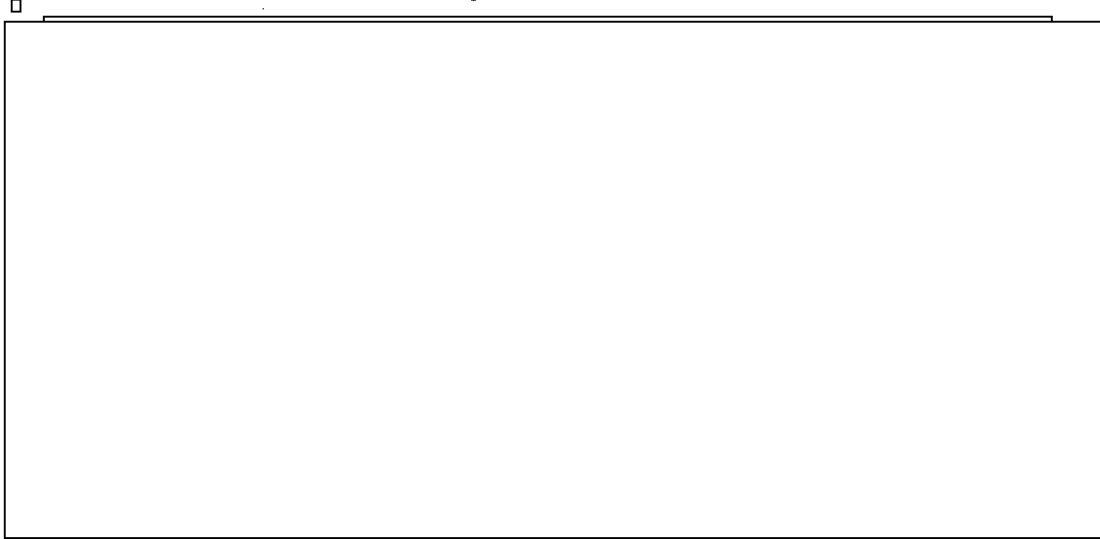
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the case of the Satellites, may demand the inclusion of a secret military protocol which would bring China into the Soviet military network. Soviet and Chinese Communists have already developed extensive cultural relations designed to point up the Kremlin's technical and scientific preeminence. Supplementing the recent trade agreement with Manchurian authorities, a new bilateral treaty between the USSR and China would probably formalize Soviet trade and rail privileges and renew the Soviet monopoly of air rights in Sinkiang which formerly obtained under the terms of the agreement with the National Government. Such a treaty might also provide for a Soviet-controlled air route linking the USSR with Communist China. In addition, promises of Soviet technical aid in almost all fields are indicated by the presence in China of Soviet experts on trade, air, railways, agriculture, city planning, industrial reconstruction, public health, water supply, and housing.



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